

UPDATED FUNDING PROPOSAL FROM AVERILL HOSPITALITY GROUP

Since the Parks & Recreation Commission action, staff have met with representatives of the Averill Hospitality Group to clarify their interest in funding an alternative use of the City Beach RV Park site.

Overview of Proposal

The Averill Hospitality Group has indicated a willingness to contribute **\$950,000** to fund design and construction of an alternative use at the RV Park site, such as a community event space, subject to negotiation of specific terms and conditions. This contribution would replace the state grant funding currently allocated for RV Park renovation.

The Averills have also indicated a willingness to contribute approximately **\$50,000 annually** toward replacing a portion of revenue currently generated by the RV Park.

Requested Elements of an Agreement

As described by the Averills, their proposal includes the following elements:

- A **30-year, rent-free lease** for **20 boat slips**, located at the dock area at the south end of the RV Park site;
- Continued use of the **five slips historically used** by the hotel under a lease agreement dating from 2007 – 2017 between the City and the previous hotel owners and continued informally through 2025.
- Rent-free use, when scheduled in advance, of any community event space constructed using Averill funds for hotel-related events;
- Commitments to City Beach Park and marina improvements that would benefit the hotel, including maintenance of the beach area in front of the hotel and, eventually, improvements to docks in the Windbag Marina; and
- Consideration of how a previously anticipated **\$400,000 parking-in-lieu payment** would be applied, noting that these funds were originally anticipated to support RV Park parking improvements.

The Averills have indicated that access to boat slips is a critical factor in the feasibility of their proposed hotel redevelopment and that, if an agreement could be reached with the City addressing these issues, they would intend to proceed with payment of outstanding permit fees, demolition, and construction, with a target opening in early summer 2028.



Figure 1: Docks unencumbered by LWCF commercial use restrictions, on which Averills are requesting 20 slips (of the 36 total slips across the two docks)

The Averills have also indicated flexibility regarding how the \$950,000 contribution is ultimately used by the City, including the potential use of a portion of the funds for construction of additional docks in a City marina and/or improvements to the RV Park site, provided they are involved in discussions regarding how the funds are allocated and spent.

Staff notes that these statements reflect the developer's expressed intentions and do not constitute binding commitments.

Marina-Related Considerations

The Averills have stated that:

- Some existing slip holders would be displaced by the requested marina access;
- They do not expect a one-time displacement of existing slip holders, rather as natural attrition occurs (slip leases are not renewed by current lessees), slips will be provided to Averills; and
- They would support a matching grant of approximately **\$100,000** toward replacement of any public slips leased to them, with replacement costs deducted from the \$950,000 contribution.